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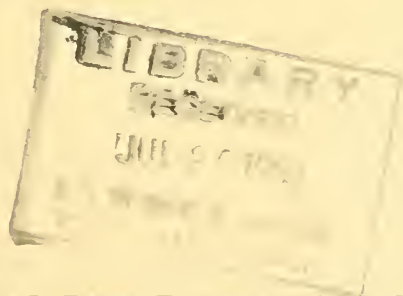
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FOREIGN AGRICULTURE

February 1960



English farm village



United Kingdom Issue

Plus articles on the Common Market's
Proposed Farm Policies, Sharing Our
Surplus, Morocco's Sheep Industry

UNITED STATES DEPARTMENT OF AGRICULTURE • FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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February 1960

U.K.—Our Biggest and Best Customer

This issue of *Foreign Agriculture* in large part relates to the United Kingdom, comprised of England, Wales, Scotland, Northern Ireland, and the surrounding islands.

Four of our stories are specifically on the U.K. and its buying and selling of agricultural products. Some of the other stories relate directly or indirectly to the U.K.'s interest in foreign agricultural trade.

For three and a half centuries Britain has been the biggest foreign outlet for U.S. agricultural products. This trade began in Colonial times and was given great impetus in the last century as the new "age of machinery" caused the British nation to become the first great workshop and the world's leading importer of agricultural products, a position it continues to hold.

The United Kingdom today depends heavily on the United States as an important supplier of farm products—for, as Robert Anderson, our agricultural attaché, reports from London, its 51½ million people have only 17½ million acres of cultivated land and have to import more than half their food needs as well as all of their tobacco and raw cotton. In its trade with us, the U.K. is a cash customer, paying in dollars for its purchases of our farm products.

Cover Photograph

Peaceful 17-century villages are still typical of Britain's countryside. But this highly industrialized nation is very much a part of the 20th century, and its expanding economy means a demand for far more farm products than the island itself can raise. (See pages 3, 4, and 7.)

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Editor:

Alice Fray Nelson

Associate Editor:

Ruth A. Oviatt

Advisory Board

W. A. Minor, Chairman; Wilhelm Anderson, F. L. Erhardt, Kenneth W. Olson, Paul E. Quintus, Gerald E. Tichenor

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The United Kingdom as a Market For U. S. Farm Products

By R. N. ANDERSON

U.S. Agricultural Attaché, London

The United Kingdom is the world's largest import market for agricultural products. Its 51½ million people have a high standard of living; yet its cultivated area measures only 17½ million acres, so that it has to import more than half the food it needs. It also has to import all its requirements of tobacco, cotton, citrus fruit, tea, and coffee, and most of its wool, feed grains, and vegetable oilseeds. Since the war, the main part of these farm imports has come from Commonwealth countries. But the United Kingdom still buys so much from the United States that it ranks as the principal U.S. farm market.

Despite the currency problems that faced Great Britain after the war, the United States was able to export its principal farm products there in volume. Reasons included the great backlog of demand, the accessibility and size of our supplies, and various U.S. Government aid programs, such as lend-lease, UNRRA, ICA, and P.L. 480. These programs all operated to support Britain in reestablishing its economy. For the principal imports, trade remained almost entirely free. For certain products, it was controlled because of the dollar shortage; but as the economy improved, the restrictions were eased.

Changes in the British Market

Now we have come to a new milestone. The British economy has fully recovered. The level of industrial production rose by about 8 percent in 1959. Unemployment is down to less than 2 percent; the cost of living has remained steady for almost 2 years; per capita income has improved; and consumer demand has been strong.

Britain's gold and convertible currency earnings have been steadily rising during the past year, and the country now has a favorable trade balance vis-à-vis the dollar area. Recent indi-

cations of the strength of the British economy have been the early repayment of a \$250-million Export-Import Bank loan and the elimination of most of the remaining discriminations against imports from the dollar area.

Thus, U.S. exporters now find a relatively free and healthy market in the United Kingdom. Some may feel that sales of farm products will show marked increases in the coming months. Sales of some may well do so, but sales of others will increase only through our strenuous and conscientious efforts.

Any increase in our sales will depend largely on our ability to compete. Regarding this, we should give special attention to two developments in the U.K. market. First, that market has now become a buyer's market where prices and quality are the primary considerations. We shall need to change some of our trade practices to conform to the altered conditions. Second, U.S. items that have been restricted by dollar shortages and are now freed are no longer well known to the general public in Britain; they have been out of the market too long, and other products and brand names have taken their place. We shall need good promotional methods to rebuild their position.

Tobacco and Cotton

What has happened to the various U.S. farm commodities in the British market? Traditionally, tobacco and cotton have been our principal exports there. Before the war, we supplied nearly 80 percent of Britain's tobacco needs. But after the war, to save dollars and help its Commonwealth partners, particularly Southern Rhodesia, the United Kingdom required its tobacco industry to restrict the use of leaf from the entire dollar area to no more than 61 percent of total requirements. During the past

5 years, annual average imports of U.S. leaf have amounted to about 52 percent of the total of almost 320 million pounds. Matters of quality and price are said to have played an important part in the decrease.

As for U.S. cotton, in the last marketing year it was largely priced out of the British market. That year, too, the U.K. cotton industry underwent a serious crisis. To save it, the government voted a £30-million modernization program for scrapping old machinery, eliminating some of the plants, and adjusting the labor force. Owing to this action and to improved world markets for textiles, the future outlook for raw cotton consumption in the United Kingdom is now much brighter. The trade estimates that 1959-60 imports will be around 1.25 million bales, of which about 500,000 will come from the United States. There are no restrictions and no duty on raw cotton imports; and, with prices again competitive, the United States should be able to resume its normal position as principal supplier.

Grains

Imports of wheat and yellow corn also require no duty and are not limited as to source. In 1958 U.K. imports of wheat amounted to about 5 million tons, of which the United States supplied 760,000 tons, or about 15 percent. Our hard wheat must compete freely with Canada's, and Canada is traditionally the main supplier. Our soft wheat competes in quality and price with other imports and with British wheat. Because the 1959 British crop was of better quality, import requirements are likely to be smaller. But, again, our total share of the market will depend largely on our ability to supply the quality required at prices that are competitive

(Continued on page 22)

At right, the vegetable counter of London's newest and biggest supermarket. Like U.S. supermarkets, this store prepackages many of the fresh vegetables it sells.



In the heart of London, this modern store offers one-stop convenience to the housewife—and low-cost delivery too.

British Food Marketing Goes Modern

By **ELMER W. HALLOWELL** and **S. CABELL SHULL**

U.S. Agricultural Attaché's Office, London

Food marketing in Britain is undergoing a tremendous change. Self-service stores; "American style" supermarkets; frozen foods; prepackaged fruits, vegetables, meats, and dairy products; mixes—these are becoming commonplace to the British housewife. All this reflects social changes that are taking place in British life: a rising living standard, increased employment of women outside the home, and a sharp decline in the number of household servants.

Most dramatic of the many changes in Britain's food business has been the recent rapid increase in self-service stores and supermarkets (defined as self-service stores with over 2,000 square feet of sales space, selling a full range of foods). The woman who does her own housework but also has a job outside her home wants to fill her shopping basket in the quickest possible way. She has discovered that her husband can more easily be persuaded to shop in a one-stop self-service store or supermarket than in the traditional streetful of shops—

grocer's, greengrocer's, butcher's, baker's, fishmonger's. Many supermarkets, too, have early opening and late closing hours.

Most self-service stores and supermarkets are located in main shopping centers and very few have their own parking spaces. Operators point out that their customers come from a limited area and prefer to shop several times a week because they have to carry their purchases home and have relatively little refrigerator space. Only about 12 percent of British homes, in fact, have refrigerators at all, and refrigerator capacity averages less than 4 cubic feet. And although automobile sales are booming, only about 1 British family in 4 owns a car.

The Shift to Self-Service

Self-service stores began appearing in numbers in 1947, though by 1949 there still were fewer than 500. The conversion rate increased each year and is now running at 80 per month. It is estimated that there are 6,000 self-service stores scattered throughout

the United Kingdom. This puts Britain well to the fore in self-service, among the countries outside America.

The Cooperative Societies were the first in the United Kingdom to develop self-service trading on a large scale. About 3,100 out of a total 13,000 cooperative food stores are now self-service. They have nearly 40 percent of total co-op grocery sales.

Large multiple retailers—those with 10 or more branches each—now have about 1,900 self-service stores out of a total of 16,000. These shops are larger than most branches operated on traditional lines and account for nearly 25 percent of total sales.

In 1957, some 17 department stores already had self-service food departments with sales totaling about \$10 million—almost one-fifth of total department-store food sales. Department-store sales of meat, fish, poultry, fruits and vegetables, and bakery and confectionery products were relatively more important than in other self-service outlets, and their strictly grocery sales were less important.

In all self-service stores, sales of groceries and "provisions" (e.g., butter, margarine, lard, cheese, bacon, eggs, sausages, precooked meats) accounted for about 70 percent of total sales in 1957. In self-service cooperatives, sales of meat, fish, and poultry accounted for only 2 percent of total turnover; in self-service multiple stores, for less than 9 percent. In fact, only one in five of either kind of store handled these items at all. It is obvious that the traditional butcher still has a strong hold on the patronage of the British housewife.

Self-service stores account for about 17 percent of total grocery sales. A Board of Trade survey shows that the turnover of a typical self-service grocery in 1957 was about \$210,000—nearly double that of an ordinary grocery. For the larger shops, the turnover is even higher, and wage costs were correspondingly lower.

The trend to self-service has far from run its course. In 10 years most large cooperative and multiple shops and over a third of the smaller independent shops will probably be self-service, and self-service may well account for nearly half the grocery sales.

Supermarkets

There are about 300 "American style" supermarkets in the United Kingdom, about half of which opened their doors during the past year. They are to be found in most large cities and many smaller ones, but are concentrated in London and the south.

Any American housewife would be right at home in Britain's newest and biggest supermarket, which was opened on September 9, 1959, in London, not far from world-famous "Orators' Corner" in Hyde Park. This store, operated by Coopers', a chain grocery organization, has 7,500 square feet of shopping area, including a counter-service wine and tobacco annex. Over 4,000 different items are in stock. As a special inducement, shoppers may have their purchases delivered within a radius of 2 miles for a nominal charge of 1 shilling (14 cents).

The Independents

Independent traders have been much slower than other stores in shifting to



Photos by USIS

Down Petticoat Lane in London's East End, customers still barge in on the vegetable stand (above) and the fishmonger's stall (right), as they have done for hundreds of years.



The butcher on Petticoat Lane gives the leisurely, custom-tailored service that many British shoppers seem to prefer in buying meat.



self-service. Of the total of nearly 120,000, less than 1 percent have changed over. Many independents cannot afford the expense involved in refitting their stores for self-service—over \$10 per square foot of sales area when a full line of refrigerated space is included. Many also cling to the traditional methods because their businesses have been built on close personal contacts with their customers that would be lost if they became “just another self-service shop.”

Although independents sell many items at the same prices as self-service stores and supermarkets, there is a growing tendency for the latter two to cut prices in order to build up sales volume. This development has been facilitated by recent rulings of the Restrictive Trade Practices Court which have stopped many manufacturers of branded items from trying to force retailers to maintain suggested retail prices.

To combat the growing competition from supermarket chains and multiple shops, independent grocers and provision merchants more and more are joining voluntary associations. These enable grocers to benefit from the advantages of bulk purchasing, to organize joint advertising schemes, and to purchase new equipment more easily. More often than not, such associations are organized by wholesalers, who also are feeling the effects of multiple shops and supermarkets.

Frozen Foods

Self-service has provided a tremendous stimulus to the use of convenience foods. One of the most spectacular developments among these foods has been the growth in frozen food sales. The boom began in 1955 with the introduction of display cabinets. Before then, ice-cream cases were chiefly used and frozen foods were not visibly displayed. Once frozen food packets were placed in open cabinets, sales increased rapidly. By 1956 they were \$37 million, nearly double the value of 1955. For 1959, they may total \$100 million, and their volume may reach 80,000 tons, with a percentage distribution about as follows:

Vegetables	44
Fish	34
Meat and poultry	14
Other, including pies and pastry	8

How far and how fast will the shift to frozen foods go? Some experts have suggested that by 1962 consumer expenditure may well reach \$175 million for 175,000 tons.

Meanwhile, the number of stores handling frozen foods is increasing. Already 55,000 of the approximately 250,000 retail food outlets in Great Britain are equipped to stock frozen foods. All stores are potential handlers, for greengrocers and meat shops sell complete lines of these products.

Further inducement to handle this type of food comes from a recently announced 10-percent reduction in display cabinets. 1958's tax reduction on household refrigerators, the more recent relaxation of credit controls, and 1959's unusually long, hot summer have all served to increase the number of home refrigerators and the potential for frozen food sales.

Prepackaging

An Anglo-American productivity team sent to the United States in 1951 prompted much of U.K. agriculture's early interest in prepackaging. Farm organizations were enthusiastic about its possibilities, and in 1954, cooperating with certain manufacturers and the Ministry of Agriculture, Fisheries, and Food, they carried out pilot prepackaging trials on selected commodities. This resulted in commercial sales of 100,000 packages that year. By 1958 the volume had reached 240 million packages.

Most of the packaging volume has been accounted for by potatoes, which averaged possibly 6,000 tons weekly during 1958. This is the one packaged item generally handled by greengrocers as well as self-service stores. Most other fruits and vegetables are handled in packaged form only by outlets of the self-service type. Even in these, only a few commodities such as apples, oranges, tomatoes, mushrooms, and bananas are sold in packages. But the variety and volume are increasing. Some of the recently opened supermarkets are experimenting with prepackaging in the store for all fruits and vegetables.

Prepackaging of meats is even more in its infancy than that of fruits and vegetables. Again, it is largely the self-service outlets, especially the su-

permarkets, that are in the forefront. It is not unreasonable to expect that general acceptance of prepackaged meats will come more slowly than in America because of the local butcher's established position with the British housewife. Too, the improbability that supermarkets will reach the same level of development as in America also tends to place a ceiling on the extent to which meat will be prepackaged. However, most of the output of the rapidly expanding broiler industry is now being handled as prepackaged poultry, and this industry's leaders are certain the method will be permanent.

Other Products

Pastry mixes were introduced a few years ago and at first had a moderate success. But the market has failed to expand. Though new brands have been introduced, sales may even be smaller now than 3 years ago. Bakery products have given strong competition, and pure-food regulations governing the use of preservatives have made it difficult to formulate acceptable mixes.

Among other developments in the British food field since the war has been the increased consumption of canned fruits and vegetables. Compared with the 1930's, the U.S. share of the import market has declined because of import controls, but U.S. brands are well represented by the products from branch plants of several major U.S. firms. Spectacular growth has been made by convenience products like baby foods; and dried milk and related commodities have shared in the new markets.

The Future

British food marketing is rapidly taking on a new look. The entire pattern is developing very much as it has in the United States. A rising living standard and more working housewives seem to lead inevitably to expansion in self-service and in the use of convenience foods. As family income goes up, the share of it that is spent on food may perhaps become smaller; but it does not seem unreasonable to conclude that total food expenditures will be larger. U.S. agriculture should gain from the trend toward better and more expensive foods.

C. W. S.—Britain's Largest Buyer of Farm Products



Deep in the country, the C.W.S. store may be a bus (left); in a village it may be a small shop (above); in a city, it may even be a supermarket.

By R. N. ANDERSON
U.S. Agricultural Attaché, London

Britain's Cooperative Wholesale Society (C.W.S.) is one of the largest nongovernmental buyers of agricultural products in the world. It buys and distributes about one-fourth of all the food consumed in the United Kingdom. Since the country imports more than half of its food requirements and almost all of its fiber, tobacco, tea, coffee, cocoa, and spices, the Society is a customer of considerable importance to U.S. producers and exporters.

With 166 wholesale and productive cooperatives and more than a thousand cooperating retail societies, C.W.S. had a membership last year of nearly 12½ million. These members purchase most of their daily household requirements from the Society's 30,000 cooperative retail stores. About two-thirds of the stores are food shops; others sell clothing, furniture, and household goods. Retail sales of groceries and provisions alone last year reached \$2.73 billion.

How C.W.S. Began

The cooperative movement was begun in Rochdale, England, in 1844. It started with the objective of buying

tea at wholesale for a small group and dividing it among cooperating members. The venture proved so successful, especially during periods of economic stress, that it was soon expanded to include other products. Membership in the organization also grew rapidly and soon other cooperatives were formed. Their aim was to eliminate the excess profits of the middlemen, or, as the Society puts it, to "buy merchandise at wholesale prices, sell it at retail prices, and return the profit to the customer in proportion to the amount of purchases."

By 1863 the Cooperative Wholesale Society was formed, to amalgamate and serve the increasing number of cooperative retail societies. Later the activities of the organization were broadened, until today they include almost all phases of food production, distribution, wholesale purchasing, transportation, processing, prepacking, advertising, and retailing. They even include such things as the manufacture and distribution of furniture, shoes, textiles, clothing, and other consumer products; banking and insurance; and some cultural and educational activities.

Import Activities

The Society's processing plants and its huge chain of distribution require large amounts of farm produce. Most of this is obtained by imports from other countries. Last year the value of direct imports by C.W.S. amounted to \$117,267,430. Canada supplied the largest share of these—\$26,497,313. New Zealand came next with \$18,050,676, most of which was mutton and lamb; it was followed by Denmark with \$16,776,329, mostly butter, and by the United States with \$11,090,856, almost all agricultural.

WHAT C.W.S. IMPORTED DIRECT FROM U.S. IN 1958

	1,000 dol.		1,000 dol.
Wheat	2,614.2	Canned vegetables	4
Barley	365.2	Raisins	27.8
Oats	101.3	Sultanas	36.6
Corn (maize)	2,470.1	Other dried fruit	291.0
Rice (bran) ..	12.9	Canned fruit	748.2
Other grains ..	109.6	Raw tobacco ..	7.6
Lard	4,095.2	Seeds and flowers ..	1.9
Canned fish	91.8	Sausage casings ..	18.3
Apples	4.4	Other	86.5
Lemons	6.2		
Beans and peas	1.7		
		Total	11,090.9



Cooperative dairies like this one handle more than a fourth of Britain's milk, and C.W.S. itself operates 34 creameries.



Gardeners and farmers as well as housewives benefit from products made and sold by C.W.S. Here, fertilizer is packed.

In addition to direct imports from the United States, however, C.W.S. purchases from other U.K. importers who buy from us. For example, most of the tobacco sold by the societies is of U.S. origin, although most of it is bought by other importers.

Wheat is the most valuable single import of C.W.S. Some wheat it purchases from local farmers, but the bulk comes from abroad. Last year's imports by C.W.S. amounted to \$37,255,803. Canada supplied over half of this; the remainder came from Argentina, Australia, the United States, France, Russia, Italy, and Uruguay. Through barter deals the Society sometimes obtains quantities of wheat from the USSR in exchange for cotton material, shoes, or other products of its own factories. It has bought far less wheat from the United States than from Canada, but there appears to be no reason why the U.S. share could not be increased considerably with good sales promotion for wheat of competitive quality and price.

Processing

Of special interest to U.S. farmers is the Society's activity in manufacturing compound feed and processing fats and oils. Its African oil mills in Liverpool, its cake-compound mill at Silvertown, London, and its margarine and lard works at Higher Irlam in

Manchester (Lancashire) buy feed grains, oilseed cake, and fats and oils from all over the world. Through the Farmers' Agricultural Societies, the C.W.S. supplies British farmers with compound feeds for their livestock, including the fast-growing broiler industry. The processed margarine, lard, and other cooking fats are sold through the retail shops.

Flour milling is another large-scale activity of the Society. In fact, its 7 large mills produce 15 percent of the flour milled in Britain. The industry ranks third among the country's flour millers. Its mills supply flour to cooperative bakeries that sell to the retail stores of the Society.

Production

C.W.S. also has some farms in the United Kingdom, mostly for the production of fruits and vegetables. One of these is the Cockayne Hatley estate near Cambridge, which grows a thousand tons of Cox's orange pippin apples each year. Modern methods are practiced, including planting and grafting dwarf trees in hedgerows and trimming them so that all of the apples can be picked from the ground. In the farm's modern packing plant, the apples are automatically sorted, packed in 1-pound plastic trays, and attractively wrapped in cellophane.

Other farming activities include the

production of eggs, the raising of pigs and sheep, and dairying. About 27 percent of the milk in the United Kingdom is processed and distributed by cooperatives. They have their own dairy plants and distribution system, but most of the milk is furnished by cooperating farmers.

Marketing Methods

In a cooperative store, one is likely to find almost as many foreign brands of canned foods as C.W.S. brands. Some of the imported products are repackaged and show the C.W.S. labels, while others—like one favorite, California prunes—are sold from the original boxes. Whatever the produce, the price and quality must be competitive with those in other retail shops in the community.

In some places, the cooperatives have big supermarkets; in others, they retain the usual country store with the old-fashioned service counter. Another type of shop they use is the mobile store—a truck that travels to outlying areas or districts where communities are otherwise serviced only by employers' shops. This truck can park on the side of the road wherever it is most convenient to the shopper. It is a miniature self-service grocery store.

Cooperative stores have the advantage of drawing customers who want

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The Common Market's Proposed Farm Policies

A unified agricultural policy has been proposed for the Common Market by the Commission of the European Economic Community. In this article, Oscar Zaglits, a former FAS economist and now a member of the U.S. Mission to the European Communities, briefly reports on these proposals.

In the summer of 1958, the European Economic Commission called a conference in Stresa of the agricultural ministers of the six Common Market countries—France, Germany, Italy, Belgium, Luxembourg, and the Netherlands. The purpose of this conference was to arrive at an agreement on guidelines for a common agricultural policy. These guidelines have now been translated into definite proposals which are being studied by the EEC Council of Ministers; then, after consultation with the European Parliamentary Assembly, the Council will issue regulations or directives for the unification of the agricultural markets and policies of the six countries.

In its proposals, the Commission has stressed three main points. First, the development of a common agricultural policy and of common agricultural markets shall be accompanied by determined efforts to improve the structure of agriculture in the six countries and also by a general economic policy designed to raise living standards and food demand and to provide employment opportunities for rural surplus populations.

Second, the unification of agricultural markets, prices, and support policies shall be undertaken only gradually, and the economic impact of each step shall be appraised before taking the next step. In the interim, the member countries shall proceed with the liberalization of the intra-EEC tariffs and quotas. They may also have recourse to certain transitional measures, such as the setting of minimum import prices and the conclusion of bilateral purchase contracts with other EEC countries.

Third, in determining the future uniform EEC support prices for commodities with greatly different na-

tional price levels, consideration shall be given to the changes in the intra-EEC and international agricultural situation as well as to changes in the general economic conditions that may take place during the period of developing a common agricultural policy. The Commission also proposes that the Community should not be burdened with losses from exporting farm products below the EEC support price.

The proposals put particular emphasis on the need and urgency of structural improvements and especially on accelerated efforts to make family farms efficiently managed units of adequate size. With these goals in mind, the Commission proposes that the present national programs for assistance to structural improvements are to be supplemented by an EEC fund, to which all member countries should make contributions. Furthermore, the Commission favors assistance to rural people in finding nonfarm employment if they are unable to earn an adequate living on small farms. It also envisages some withdrawal of submarginal lands from farming.

The Commission has proposed specific programs for 10 commodity groups: wheat, feed grains, sugar, dairy products, beef, pork, poultry, eggs, fruits and vegetables, and wine. For each of these commodity groups, the six national markets would be merged into one EEC-wide market, and a common agricultural policy would be developed. In general, this is to be done within 6 years. Proposals will be made later for other items, such as fats, oils and tobacco.

Specifically, the proposals for the 10 commodity groups are as follows:

Wheat.—A European Grain Board would be created. Target prices for

wheat would be set annually, and EEC wheat would be assured of a market through—

- Obligatory support purchases at the end of the marketing year, discretionary support purchases during the marketing year, and possibly loans.

- Levying on wheat imported from third countries an equalization fee equal to the difference between the EEC target price and the world market price, and making payments equal to the equalization fee on exported or re-exported wheat.

- Import licensing within the framework of an annual supply plan.

Feed Grains.—EEC target prices for feed grains would be set in such a relationship to the wheat price that shifts from soft wheat production to feed grain production would be encouraged. The European Grain Bureau would intervene in the feed grain market to keep the prices between a floor and a ceiling and thereby help stabilize the cost of livestock production. Equalization fees and import licensing would be used in the same way as for wheat and payments equal to the equalization fees would be made to exporters of grain, grain products, and grain-fed livestock products.

Sugar.—An EEC target price would be set for sugar. It would be left to member countries to set supplementary target prices for sugar beets. The EEC target price would be defended by means of an equalization fee and of import licenses as in the case of wheat; and payments would be made on exported sugar and sugar products and, if needed, for the diversion of sugar beets to other uses. The program would be administered by a European Sugar Bureau, with the advice of a committee on which the six governments, the sugar beet producers, the sugar manufacturers, and the sugar trade would be represented.

Milk and Dairy Products.—The liquid milk markets would be separated from the market for processed milk. Annual goal prices would be set for milk. Support purchases would be made for butter only, and these would be made at prices 15 percent below the level of the goal price for milk. Equalization fees would be

levied, and payments to exporters would be made in a similar way as for wheat. If necessary to avoid surplus accumulation, milk production would be restricted and butter consumption subsidized. A European Dairy Bureau would administer the program in co-operation with the relevant agencies of the national governments.

Cattle and Beef.—Prices would be determined by market forces, but support purchases of beef for storage and export might be made on a discretionary basis. A "gate" price (i.e., a desirable minimum price) of imported beef and cattle would be defended through the import duties on beef and equalization of fees on cattle and beef. In addition, imports of cattle would be controlled through licenses that would be issued on the basis of an annual supply program. Imports of frozen beef might also be limited by quantitative restrictions.

Pork.—As in the case of beef, prices would be determined by market forces. Import duties, equalization fees, and export payments would also be used in a similar way. Purchases for storage and exports would be mandatory in periods of depressed prices; on the other hand, no quantitative import controls are proposed.

Poultry.—Prices would be determined by market forces. Import duties, equalization fees, and export payments would be used as in the case of beef. There would be no intervention purchases nor quantitative import restrictions.

Eggs.—The egg program would be the same as for poultry, but it would be administered separately.

Fruits and Vegetables.—Market forces would determine prices but supply would be regulated through the establishment of EEC-wide grades and standards. These would apply also to imports. If necessary, surpluses might be taken off the daily markets, at the producer's expense. There would be no quantitative import restrictions. The import tariff would, however, be subject to seasonal variations, in the case of fresh apples, pears, quince, and of stone fruits other than apricots. Exports would be permitted only for products

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Thirty-Six Countries Are Now Involved In Common Markets, Free Trade Areas

When the second West European preferential trading bloc, commonly known as the "Outer Seven," became a reality late last year, it split the free nations of Europe into two great economic units, involving 13 countries and some 255 million consumers, 81 million more than there are in the United States.

This trend toward economic integration is a postwar development. It began with the European Coal and Steel Community which linked together the 6 countries that have since formed the Common Market. A subsequent move to merge the six even more closely through the European Defense Community proved unsuccessful, but after long negotiations, the European Economic Community, or Common Market, materialized. Since then the common market idea has spread, not only in Europe, but throughout the world, so that today the integrated lineup appears to be as follows:

Common Market.—The six nations involved are France, Italy, West Germany, the Netherlands, Belgium, and Luxembourg. Formed on January 1, 1958, the Community is actually a customs union. Tariff barriers are to be gradually lowered, so that eventually trade will be as free within the common area of the six countries as it is within the United States. A German and a French manufacturer would then be in the same relative position as a Michigan and a California manufacturer. Agricultural products are an exception. For them special arrangements are provided.

Furthermore, around the Common Market, as around the United States, will be a single tariff just as if the six nations were one. This will impose common commercial policies, especially since trade treaties with other countries will be negotiated by the European Community as a unit.

Outer Seven.—Officially this group is known as the European Free Trade Association, but it is usually called the "Outer Seven" in contrast to the Common Market's "Inner Six."

The members include Britain, Sweden, Norway, Denmark, Austria, Switzerland, and Portugal, and they too are pledged to gradually eliminate trade barriers toward each other on industrial commodities. This group differs from the Common Market in that each country will control its own tariffs on imports from outside countries. As in the Common Market, there are separate arrangements for agricultural commodities.

Central American Integration.

—Five Central American republics—El Salvador, Guatemala, Nicaragua, Costa Rica, and Honduras—have signed two agreements: 1) a multi-lateral trade treaty looking toward a customs union; and 2) an industry agreement to encourage diversified development for the Central American market. All but Costa Rica and Honduras have ratified these, and they are expected to do so shortly.

Southern Seven.—Seven countries have joined ranks in South America—Brazil, Argentina, Uruguay, Paraguay, Chile, Peru, and Bolivia. Last year they signed an agreement looking toward a Latin America Free Trade Area, thus leaving the door open for other countries to join if they wish. The treaty must still be ratified by the governments involved.

African "Common Markets."

Last year when France's West African territories became autonomous republics, they banded together in a customs union. The seven members of this union are Mauritania, Senegal, The Soudanese Republic, Ivory Coast, Upper Volta, Niger, and Dahomey.

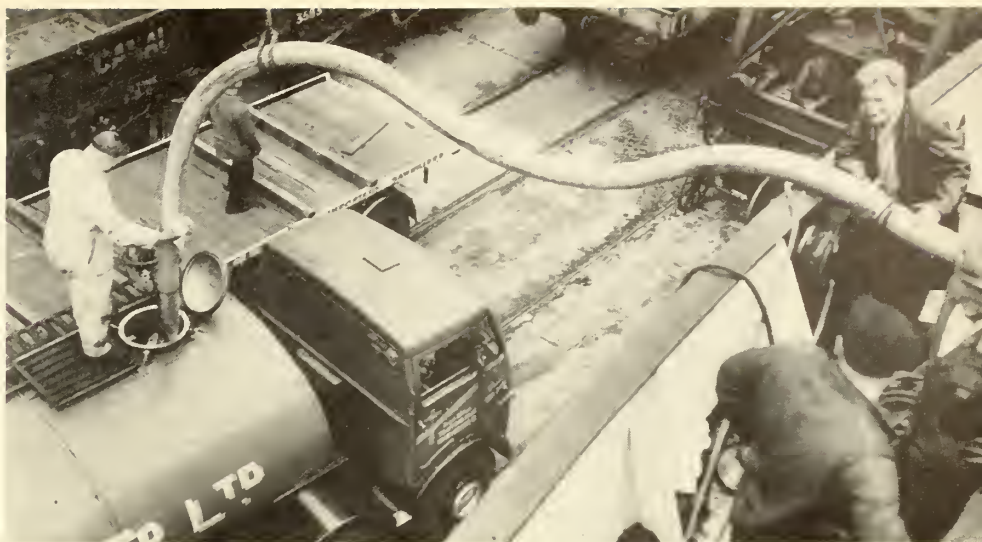
In like manner, the four autonomous republics of the former Federation of French Equatorial Africa have formed a common trading area. These republics are Gabon, Chad, the Congo Republic, and Central African Republic (formerly Ubangi-Shari).

Atlantic Organization Plan—

Latest development is the proposal to reframe the Organization for European Economic Cooperation with full U.S. and Canadian membership.

U.S. lard is pumped from the ship "Manchester Exporter" to tank truck which delivers it to packaging plants in England. Bulk shipping via St. Lawrence Seaway has lowered costs.

By Elmer W. Hallowell
U. S. Agricultural
Attaché's Office,
London



Photos courtesy Manchester Lines Ltd.

Bulk-Tank Shipments of U. S. Lard To Britain Are Increasing Rapidly

More and more U.S. lard has been moving to the United Kingdom in bulk-tank shipments since the opening of the St. Lawrence Seaway made it possible for lard to be shipped from Chicago to packing plants in England at slightly over one cent a pound.

The initial bulk shipment took place just a year ago after considerable experimental work in the laboratories of Britain's Cooperative Wholesale Society, a leading distributor of U.S. lard. With the opening of the Seaway these shipments increased, and now that this route is closed for the winter the

tankers are leaving from New York and New Orleans. The overall saving is considerable.

To make bulk handling possible the lard is liquefied by heating it to 125° F., and then it is pumped into tankers. On arrival in England it is pumped into tank "lorries" for transport to the packing plants, where it is packaged by automatic machinery into half-pound cartons for retail outlets.

Although lard has been prepackaged in Britain before, most of it has been packed by retailers from small bulk containers. This prepackaging saves

the retailer from doing the job—especially important since many British stores are switching to self-service—and allows him slightly more for what is now a brand item.

In the first 9 months of 1959, the United Kingdom imported 169 million pounds of U.S. lard, 79 percent more than in the corresponding months of 1958. Probably some of this increase resulted from bulk-tank shipments; much of it, however, can be attributed to low U.S. lard prices.

Also, this year's favorable lard prices have encouraged some margarine manufacturers to use it as an ingredient. If prices remain near current levels, imports of U.S. lard for both margarine and prepackaging are expected to show further increases.

British housewife buys packaged lard at the Landon Cooperative Society Store. Sign indicates lard came from the U.S.



Packing machines in British plant can handle about 10 tons of lard a day, at approximately 60 to 65 pounds a minute.





Photos by Howard P. Davis

U.S. food donations are helping refugees from Communist China begin life anew in Hong Kong. Beaming at the sight are Dr. Kenneth G. Habart, of Church World Services, at left, and author, at right.

SHARING OUR SURPLUS— by food donations under P. L. 480

By Howard P. Davis
Agricultural Marketing Service

Over the past 10 years the United States has shared almost 8 billion pounds of its abundant food supplies, valued at about \$1.4 billion, with hungry people in over 90 countries around the world. Every package is labeled "Gift of the People of the U.S.A."—and there are no strings attached.

These donations are made under Title III of Public Law 480, which authorizes the U.S. Department of Agriculture to give away food from its surplus inventories for distribution to needy persons overseas, after all requests for donation in this country have been met. Voluntary American agencies and intergovernmental organizations receive carload lots of the surplus food in processed and packaged form at U.S. ports and ship it overseas; in most cases they are reimbursed by the U.S. Government for ocean transportation. They then distribute the food through their own organizations, local voluntary groups, or host government channels. Distribution, which is without regard to

race, color, or creed, must be supervised by an agency representative who is a U.S. citizen residing in the host country.

Basically, the philosophy of the program is a "people to people" gift made only because of the desire of the American people to share their abundance with the needy wherever they are. The agencies that handle the food are private nongovernmental groups like CARE, the Catholic Relief Services, the Church World Service, the Joint Jewish Distribution Committee, the United Nations Children's Fund (UNICEF)—over 20 in all. They develop and carry on the country programs with a minimum of U.S. Government participation.

Feeding Children and Mothers

The nongovernmental character of the program has given it flexibility. The private agencies have been able to tailor the donations to country and local needs, and the foods have proved a valuable supplement to other broader programs. Their use in school

feeding, for example, has not only improved the children's health and nutrition but helped get them to school in areas of widespread illiteracy where the governments are trying to improve educational levels.

To me, one of the most dramatic school feeding programs was one I visited out in the North African desert. Traveling southeast out of Tripoli, through a sandstorm, over what I was assured was a road but which looked like a trackless desert, we came to a storybook oasis. There, about 150 children were being fed each day. They were getting a glass of reconstituted dry milk, a wedge of cheese, and a wheat flour bun—all food from U.S. farms. The Libyan Government supplemented this from time to time with other foods. I was told that school attendance was no longer a problem and that the children's health had markedly improved. Certainly they looked bright and active and ate with gusto.

In many countries, the food is used to supplement maternal and child health programs. Although UNICEF has taken the lead in this activity, using our donated nonfat dry milk, many of the U.S. voluntary agencies have also contributed materially. In one of the many barrio clinics in the Philippine Republic, I saw a striking illustration of the way this supplemental feeding works. Careful records are kept on each child. These showed me very graphically the progress being made in growth, weight, and lessening incidence of illness. Many other broad health programs—yaws eradication, TB treatment, leprosy treatment—have been made more effective through the donated food supplements.

Self-Help and Refugee Feeding

Donated food has also been effectively used in conjunction with self-



Photo by Jack Wells

School lunch programs overseas have made good use of donated U.S. foods. Pictured here are a boy and girl in a Philippine school, enjoying a lunch based on U.S. wheat.

help and community development projects. For example, in India I visited a small village some miles from Delhi where they were celebrating the completion of a short strip of paved road through the center of town. They proudly showed me their new town well and many fine examples of cottage industries. Our donated foods were helping to sustain their feeling of "better times" until their improved water supply, new community farming equipment, and cottage industries could bring them a measure of self-sufficiency above the starvation level.

In Hong Kong the U.S. food has helped sustain the refugees from Red China as they work toward self-sufficiency. Families who for generations have lived on the water and supported themselves meagerly from it have been furnished with small junks and with fishing kits; thus the junks supply both housing and a means of livelihood. Also, with some government help, noodle factories have been set up. These not only convert U.S. flour into a food the Chinese can prepare and eat, but supply additional jobs.

Much of our donated food has been used simply to help feed millions of hungry people, particularly refugees. As everyone knows, the presence of large groups of refugees in many countries since World War II has

raised serious problems—political, social, and economic. Solutions are being sought; but meanwhile, the donated foods have helped the refugees survive. Not only in Hong Kong but in Vietnam, Pakistan, Gaza, the border villages in Jordan, and even Western Europe, our food has often been the largest item of outside assistance.

Europe has received the bulk of the foods since World War II, though its total decreased as its economic recovery progressed. Out of the world total of 8 billion pounds for the past 10 years, 48 percent went to Europe, and Italy and Spain still have large programs. The Far East has received a fairly stable 36 percent in recent years; Latin America, 8 percent; and the Near East and Africa, 4 percent each, with Africa steadily adding new programs and receiving larger quantities.

Problems and Accomplishments

It is difficult and expensive to give food away constructively. Individual country programs are hard to plan because no one can tell in advance, even for one year, what kinds and amounts of food will be available. The facilities and know-how for unloading, receiving, transportation, storage, and distribution are extremely limited and

(Continued on page 16)



In Saigon, worker for Catholic Relief Services measures month's rice ration for a family that fled North Vietnam.



U.S. food donations must often arrive the hard way. Here, Indian bearers are wading a river with packages from CARE.



At Singapore, liquid latex is pumped aboard a tonker bound for the United States. Exports to the United States, mostly of crude rubber, dropped 32 percent in 1958.

Singapore Stresses Farm Output As Its Entrepôt Trade Falls Off

By James E. Ross
Far East Analysis Branch
Foreign Agricultural Service

For more than a century Singapore has been the trading center for Southeast Asia. In recent years, however, bypassing of the Singapore entrepôt by the Federation of Malaya and other nearby countries has been noticeable. The total value of Singapore's trade in 1958 declined 8 percent from the previous year and during the first 6 months of 1959 reached the lowest level in 5 years.

Entrepôt trade is Singapore's major revenue earner. Foreign exchange is also earned by processing raw materials, such as rubber, copra, and spices, from nearby areas. After some 10 percent in value is added by processing, the products are shipped to industrial consumer countries.

Rubber is the principal trade commodity, accounting for 36 percent of the island's exports and 24 percent of its imports in 1958. Other important agricultural exports are palm oil, canned pineapple, copra, and coconut oil. The principal agricultural imports include rubber, rice, copra, pepper, and coffee.

While Singapore has been able to survive in the past mainly on trade, there is no assurance that its trade will pick up again. As the newly independent countries of Southeast Asia move toward greater self-sufficiency, the island's position as a center for entrepôt trade is becoming less secure. Indonesia, for example, has stated its intention to develop a free port. Sarawak producers have discussed the possibility of eliminating Singapore in marketing pepper; and Thailand has plans for building a canal through the Kra Peninsula, which would permit shippers to bypass Singapore.

Singapore is also concerned about its trade relations with its most important customer, the Federation of Malaya. It had hoped to merge with the Federation when it was formed in August 1957. Such a merger would have helped Singapore hold its place as a center for entrepôt trade and might have provided an outlet for Singapore's rapidly increasing population. But for some reasons connected with Singapore's internal security situation and certain other factors, the Federation has remained aloof to any merger. Furthermore, trade between the two countries has declined. In 1957, the Federation accounted for

37 percent of Singapore's total trade but only 17 percent in 1958.

If trade continues to decline, Singapore will face a crucial problem in earning enough foreign exchange to import the food it needs. In 1958, it imported all of its rice requirements, most of its dairy products, and about half of the vegetables consumed. Alert to this situation, Singapore's new government—the island became a self-governing state within the British Commonwealth last June—has embarked on a comprehensive and well-defined economic program. Both industry and agriculture are involved in this program, which is aimed at remedying unemployment and boosting agricultural production.

Unfortunately, Singapore is limited as to land area. Lying just off the tip of the Malay Peninsula, the island measures just 209 square miles. Some 40 nearby islands add another 15 square miles to the total area. But expansion of the metropolitan area since 1940 has reduced the amount of agricultural land by more than half.

Traditionally, agriculture in Singapore has meant rubber, and although rubber estates and small holdings still cover 47 percent of the cultivated area, they are no longer economically practical. What the island needs to grow is food, and it's on food crops and livestock that the new 5-year economic program places the most emphasis.

Nearly all of the agricultural population consists of Chinese smallholders who grow vegetables as their main livelihood. With the fishermen they number some 30,000, and to help them produce more food the government is planning to spend over \$3 million. Distribution of specially bred poultry and pigs is one aspect of the program. Technical assistance for vegetable and tobacco growers is another. The plan also calls for a new marketing system and general agricultural education for farmers.

Even now, despite the limitations on land, production of foodstuffs for local consumption, particularly fresh vegetables, poultry, eggs, and pork, is exceptionally high. With the intensified production methods which the government intends to introduce, it is quite possible Singapore may soon be self-sufficient in many food items.

The Nile Waters Agreement

By Cline J. Warren
Africa and Middle East
Analysis Branch
Foreign Agricultural Service



Near the close of 1959, Egypt and Sudan reached an agreement on their shares of the unallocated Nile Waters. Besides settling a dispute that has strained relations between these countries for years, an accord on the Nile Water apportionment means that additional water will now be available for large-scale agricultural development programs within the Nile River Basin. Both countries, particularly Egypt, have long needed this water to increase agricultural production for the needs of their rapidly growing populations. But owing to the lack of an agreement on the unallocated portion of the Nile, large volumes of its annual flow have always been permitted to pass through both countries and go to waste in the Mediterranean.

Up to now, the quantity of water available to each country has been controlled by the Nile Waters Agreement of 1929 between Egypt and the United Kingdom—Sudan was not an independent country at that time. Under that agreement, Egypt received 48 billion cubic meters from the Nile's annual average flow of 84 billion at Aswan; Sudan's share was 4 billion.

This left 32 billion unallocated, to flow into the Mediterranean.

The new agreement is contingent upon the construction of Egypt's High Dam at Aswan. When completed, this dam will make available 22 billion cubic meters of the 32 billion now unused. The remaining 10 billion will be accounted for by evaporation from the vast reservoir to be created by the High Dam.

With the additional water, Egypt's annual quota will now be 55.5 billion cubic meters; Sudan's, 18.5 billion.

Effect on Egypt

The Nile Waters Agreement was welcomed by Egypt, which has had great difficulty in developing new farm land; 97 percent of its area is desert, and pressure on the thin strip of land watered by the Nile is now among the highest in the world—over 1,500 persons per square mile. Egypt agreed to compensate Sudan for land to be flooded by the High Aswan Dam. Thus the agreement reportedly removes the last major obstacle to proceeding with the dam, and construction was started early this year.

Upon completion within 10 years, the dam promises to open up over one million acres of new land for agricultural production. In addition, it will provide water to convert nearly 700,000 acres to more intensive cultivation through perennial irrigation. By preventing flooding and providing a more even supply of water to areas in the lower Nile, it should also serve to raise the yields on other parts of the 6 million acres now under cultivation. (The total cultivated area for any one year is about 10 million acres as a result of multiple cropping.) In addition, the dam will expand Egypt's supply of hydroelectric power; this in turn should serve as a spur to industrialization. Even sooner attainable and of equal benefit to the Egyptian economy will be the jobs that constructing the dam will provide for some 20,000 workers each year. Owing to the rapid population growth, however, the net per capita economic gain as a result of the Aswan project will be rather small. Thus, emphasis is also being given to other programs aimed at developing industry and tapping subsurface water.

The new dam will block much of the fertile silt formerly deposited on the delta farmlands. These rich soils, washed from highlands upstream, have in the past made it possible for many Egyptian farmers to harvest good crops with little use of chemical fertilizer. However, to offset their absence, the Aswan project is to include a new fertilizer factory.

Effect on Sudan

The water settlement was also welcomed by Sudan. But Sudan, in contrast to its northern neighbor, is not faced with the problem of population pressure on available resources. In the south, large areas receive adequate rain throughout the year for the growing of tropical crops. Close to 2.5 million acres are now under irrigation and the country hopes to more than double this area in the near future. There are enormous reserves of rich soils, and the topography of large tracts adjacent to the Blue Nile is such as to make them highly adaptable to irrigation.

Now that terms on division of the water are no longer in dispute, the

Sudan also can proceed to carry out its development plans. It is already engaged in the third phase of the Managil Extension of the Gezira, which will add 236,000 acres to this successful cotton-growing area. The entire project, scheduled for completion in 1962, will increase the irrigated land in the Gezira by about 830,000 acres.

With the dispute over the unallocated water of the Nile settled, there will now be an adequate water supply for this and other irrigation projects. The Sennar Dam does not, however, have the capacity to provide ample water for all phases of the Managil Extension. A full supply will depend upon the building of the Roseires Dam 120 miles upriver. Plans have been completed for this dam, which will store three times as much water as the Sennar Dam does now. The Roseires Dam would provide not only additional water for the present area under cultivation in the Gezira and Managil Extension, but water for numerous other projects. A World Bank mission has already pronounced this dam an economically feasible undertaking.

Other Countries

Other countries concerned with the Nile also have development plans that embrace both irrigation and hydroelectric power, and, if implemented, would affect the total annual flow of the river. The Nile watershed includes parts of Ethiopia, Uganda, Ruanda-Urundi, Tanganyika, Kenya, and the Belgian Congo. The general feeling of these countries is that distribution of the Nile waters must be dealt with as a whole, and that the water requirements of all concerned must be considered as part of a general plan.

The Blue Nile drains Lake Tana, which lies on the high Ethiopian Plateau. The Ethiopian Government, with the assistance of the International Cooperation Administration, is currently making a detailed survey of the upper Blue Nile area. The White Nile, born amid the lakes of Uganda, has tributaries in Kenya, Ruanda-Urundi, Tanganyika, and the Belgian Congo. Future programs requiring additional water to expand industry and agriculture in some of these coun-

tries are already complete and well organized.

Egypt and Sudan are aware of these other interests and are reported planning to establish a joint technical body which will contact countries having projects likely to alter the Nile's flow. Provisions were also made in the new agreement whereby any water eventually used by other countries would be deducted equally from the shares that have been allocated to Egypt and to Sudan.

Impact on Agricultural Output

If the new agreement should prove workable with time, what is likely to be its impact on agricultural production within the Nile Basin? Most authorities agree that settlement of the Nile Waters dispute is not likely to make any great change in the Egyptian agricultural picture before at least the first phase of the High Aswan Dam is completed. However, plans do call for the construction of cofferdams to divert the river's flow while preparations for the big dam are begun, and this in turn might immediately make it possible for a slightly larger acreage to be watered. Likewise, any large-scale expansion of the irrigated area in Sudan also depends upon the building of a new dam.

Assuming that these dams do eventually become a reality, both countries will have a substantially larger agricultural output; the overall increase in agricultural revenue for Egypt alone is estimated at 35 percent. But in the long run undoubtedly Sudan will benefit most.

At present, no information is available for either country that would indicate what crops would be given priority on the new land. Supposedly, Egypt would give major consideration to cereals so as to reduce its growing dependence on the world market for large quantities of food. In Sudan, however, the largest portion of the newly developed land would probably be devoted to producing crops for export.

At any rate, the agreement indicates that both Egypt and Sudan are determined to improve the living standards of their people by removing barriers that so far have hindered their progress in developing modern economies.

Sharing Our Surplus

(Continued from page 13)

primitive in many parts of the world. Organizations to determine which recipients should get the food and handle the distribution are virtually nonexistent in many host countries. And lastly, many of our foods—for example, dry milk, flour, and cornmeal—are unfamiliar to great groups of people and unsuited to their cooking facilities. This fact, of course, strongly tempts the recipients to sell these foods and buy either foods they prefer or much-needed clothing and medicine.

Just how has the program worked? To find that out, I have made two trips around the world and one to Africa during the past several years, visiting 21 countries. I can truthfully say from my own observations in all these places that the program has worked surprisingly well, considering the varied conditions under which it must operate.

First, it has gotten enormous quantities of our surplus food to hungry people all over the world with a minimum of waste and interference with normal trade. And in doing this, it has, I believe, developed new markets for the foods donated. The voluntary agencies, through local doctors, nurses, teachers, and volunteers, have taught millions to appreciate the value of such foods as milk; and people have learned to use dry milk where local supplies of fluid milk are not available or sufficient.

Second, the program has stimulated the interest of many governments in further developing their own public welfare programs to care for the children, the sick, and the needy. At the same time it has brought about the strengthening of local voluntary agencies to supplement these government efforts.

Third, and perhaps even most important, is the fact that we have tangibly demonstrated the concern of the American people for their less fortunate brothers in other lands. These people may never see or appreciate gifts like guns, planes, or large dams; but when we place a package of food in their hands and they know it comes from the American people, they understand—and they are touched.



Israeli workers in the spinning room of an up-to-date textile mill. The industry now has 150,000 spindles but by the end of this summer the number will be almost doubled.

ISRAEL'S COTTON TEXTILE INDUSTRY

Israel is pushing toward its goal of self-sufficiency in agriculture. It is now producing two-thirds of its own food needs and growing a large part of the cotton used in its own textile mills. Israel, however, is looking ahead. It needs money to pay for irrigation, and this money, it hopes, will come from exports, including raw cotton and cotton textiles.

Cotton has been successfully grown in Palestine since the 17th century, but large-scale development on irrigated land did not start until 1954. In that year, production was 840 bales (500 lb.) of upland cotton. By 1958, annual output had risen to around 20,000 bales, upland and extra long staple, and for 1959-60 it is expected to exceed 30,000 bales. It now appears that in 10 years, or even less, Israel could not only become self-sufficient in cotton but could boost its textile exports considerably.

Israel's cotton is of excellent quality. Climatic and soil conditions favor its cultivation, and, if pests, particularly the spiny bollworm, can be controlled, expansion should move forward. The biggest problem is the high cost of production. Irrigation is expensive and so are the pest-control measures. Also, a labor shortage has made it necessary to start mechanizing.

Most of Israel's cotton exports are in the form of yarns. For Israeli

spinning mills the high price of locally grown cotton makes it difficult to compete in world markets. Furthermore, Israeli cotton is of better quality than is required for most of the yarns produced. The mill people are concerned because they are not free to buy imported cotton where and when they wish. All of the cotton locally grown is used by the mills and the rest of their requirements are imported, mainly from the United States through ICA (International Cooperation Administration) and Public Law 480 programs, though some comes from Turkey and Greece.

To resolve Israel's difficult export situation, a company representing the 10 spinning mills has signed an agreement with the Israeli Government whereby it will buy the surplus production of each mill and export these yarns at any price. The government will approve the prices and cover the losses sustained.

Israel has many top experts from Europe capable of organizing and running an efficient textile industry; so, in spite of the difficulties, the government is going ahead with the expansion of the cotton spinning industry. An additional 125,000 spindles have been approved—which would almost double the existing 150,000 spindles—and all of these are expected to be operating by the end of this summer.



Above, using Cubon sugar bags workers bring in row cotton for weighing. Below, cotton picking in the Huleh area.





By The New York Times

Scene at Maracca's sheep festival last summer; 35,000 sheep were blessed by King Mohamed V, on plains near Fez.

Morocco Moves To Modernize Its Sheep-Raising Industry

By Henrietta M. Holm
Africa and Middle East Analysis Branch
Foreign Agricultural Service

Last summer when Morocco's King Mohamed V presided at the nation's first National Sheep Festival, some 40,000 Moroccans gathered on the plains east of Fez to compete for prizes for the finest sheep. While the 2-day festival probably held greater religious and social significance than educational appeal for the participants, it made them aware of the government's goal of modernizing the country's traditional sheep-raising industry.

Roughly a quarter of a billion dollars annually derives from Morocco's livestock, and the government in its long-range planning hopes to realize an even greater potential. Except in the least-favored regions of the country—where only goats or camels can thrive—sheep predominate all over the land. Last year the ovine population, which accounts for more than half of all the country's livestock, was officially estimated at about 15 million head. It is quite possible that it was even higher, since estimates of animal numbers are based largely on enumerations for tax purposes. In any event, there is a decided imbalance between the numbers of sheep kept and the re-

sources available to maintain them. Much meat is wasted and many animals are lost each winter from starvation and lack of shelter.

Weather Troubles

This situation is the result of various things, among them climatic variations. In years of normal weather there is ample pasturage between February and June, and during July and August stubble and crop residues provide fairly adequate feed. But from September through January natural pasturage disappears. Forage is not customarily kept from the season of relative plenty for feeding during the dry months, so that the common pasturelands, where water resources are often inadequate, are overrun with animals. Even in a year of normal weather 15 percent of the flocks perishes during the dry months; in years of extended drought the mortality is enormous. Sheep that survive suffer a weight loss of around 10 pounds per animal, and the total loss in meat is estimated at nearly 100,000 tons a year.

Another contributing factor is the lack of any extensive system of con-

ventional mixed farming. Crops and livestock production are usually separate activities in Morocco. Only a small percentage of European farmers keep sheep, and these are largely well-cared-for, high-quality animals of imported or crossbred stock. Raising of the native breeds, which make up the greater part of the stocks, is mainly in the hands of either seminomadic or settled Arab and Berber farmers. The line between "seminomadic" and "settled" is rather a fluid one. Rarely does the settled farmer provide feed on the farm. More often the animals graze with other flocks on distant communal pasturage, and in some sections both the nomadic and settled farmers alike practice a regular pattern of progressive grazing to new pastures.

With communal pasturage there is always the problem of disease control. While more and more Moroccan producers practice disease prevention and use the veterinary service available, many do not, and their sheep are a continuous source of re-infection.

Quality Sacrificed

The high mortality rate among animals also stems from quality being sacrificed to quantity. Most Moroccan sheep raisers accumulate large

flocks as a sign of social stature. The sheep owner risks considerable loss, as poorly conditioned, ill-cared-for animals fail to withstand the winter. Nevertheless, this attitude exists, and in the past it has hampered government efforts to reduce the flocks in order to remedy the disequilibrium between numbers and feed and shelter.

Furthermore, the extension of the cultivated acreage has reduced the natural pasturage available. In contrast, flocks have increased from an annual average of about 11 million head in the 1934-43 period to approximately 14 million in 1959. But because of the rapidly rising Moroccan population the number of sheep has dropped from 160 per hundred to almost 150 during this period.

Government Program

Enforced reduction of the flocks in line with currently available pasturage is not politically feasible. Still, the government is continuing its research to determine the most reasonable ratio of livestock numbers to feed and shelter possibilities, and, in the meantime, educational programs designed to reach the sheep raiser at his level of acceptability are not being neglected. Last summer's sheep festival was one. Other measures in the government's program include emergency grazing areas, pasture improvement, control of overgrazed areas, reserve feed stocks, collective shelters, and the establishment of animal breeders' cooperatives. The government also hopes to extend irrigation to benefit livestock.

Of particular interest is the proposal to change the collection time of the *tertib*—an annual levy varying with the age and type of animal—from October-November to May. Since many sheep raisers market some of their animals to obtain funds to pay the *tertib*, slaughtering in May when the animals are spring-fattened would bring better returns in both cash and meat and would make it easier to feed the remaining animals during the dry season when supplies are scarce.

Frozen Meat Industry

The proposal to change the timing of the *tertib* may be designed also to fit in with the government's program to develop the frozen meat industry,

both for home consumption and for export. Because there is less demand for meat in the summer, producers have kept their spring-and-summer-fattened sheep from the market and later suffered financial loss as the animals either lost weight or died before the demand picked up again in the winter. Under the new program, sheep are to be slaughtered from August to October to provide stocks of frozen meat during the seasonal shortages from November to April; and the sheep raisers will be paid a fixed price in January for the animals slaughtered during this period.

Five groups of livestock raisers in the regions of Casablanca, Menkes, Ouja, and Marrakech will spearhead the program this year when about 3,000 tons of meat are to be frozen, with the government subsidizing the cost of freezing and storage. At the same time, the minimum weight at which young beef may be slaughtered is to be raised to reduce competition.

Although the program should contribute to savings both in total meat supplies and pasturage, there may be consumer resistance to frozen meat; also, private refrigeration facilities in Morocco are rare. And, of course, many sheep raisers are certain—at least, at first—to prefer their unwieldy flocks to credit with slaughterers.

Despite this resistance, the plan exists and in time may prove successful. Morocco has fairly adequate veterinary inspection and meat control. It has modern slaughter and refrigeration facilities, which have been developed since World War II and which have increased the acceptability of Moroccan lamb and mutton both at home and abroad. Efforts to control sheep diseases have been more extensive in Morocco than in most North African countries, though some serious infectious diseases and parasitic infestations still exist which would limit the range of foreign markets. Thus, if only a small percentage of the 1 million to 2 million sheep lost each year can be saved, Morocco could raise the national nutritional level, which is low, particularly with regard to meat. At the same time, it could measurably reduce its imports of meat and even expand its now minor exports of fresh and frozen lamb and live animals.



Above, sheep grazing in Mayen Atlas. Flocks of both nomadic and settled farmers graze on communal pastures.



Sheep-dipping station. With communal pastures and limited preventive practices, disease control is big problem.

Soviets Boost Farm Goals

—to offset declines that occurred in 1959 agricultural production

By Richard E. Bell

Foreign Agricultural Analysis
Foreign Agricultural Service

Despite failures to meet 1959 goals, the Central Committee of the Communist Party of the Soviet Union has raised the agricultural goals of the 1959-65 Seven Year Plan, which is designed to outstrip the United States in per capita farm production.

A routine plenum of the CPSU Central Committee convened on December 22, 1959, to discuss Soviet agriculture, especially the possibilities of achieving the 1965 goals. Reports given during this 4-day meeting reflect more discontent than satisfaction with the current situation. They fail to supply any data for gross agricultural output, and they leave the general impression that such increases as occurred were short of the growth rate necessary to achieve the 1965 goal of a 70-percent increase over 1958 gross agricultural output. Party leaders did not find fault with agricultural policies but with their execution. Consequently, the Committee refrained from introducing any major innovations and simply called for increasing the tempo along existing lines.

Khrushchev's Speech

As usual, Premier Nikita S. Khrushchev's speech set the general tone for the Plenum. He took small pleasure in claims that the USSR had surpassed the United States in per capita production of butter and gross production of milk and had produced a record crop of cotton. Cereal grains, he pointed out, are the mainstay of the Soviet agricultural economy. Yet the 46.6 million metric tons of cereal grains delivered to the state in 1959 was 2.5 million tons below average procurements in the first 4 years after the opening of the eastern virgin lands and 19 percent short of 1958 procurements. Although he conceded that drought was the reason for losses in many areas of European USSR, he

chided the Minister of Agriculture, Vladimir Matskevich, and said that mismanagement was the chief factor for losses in Kazakhstan, which in 1958 had produced more than a third of all grain procured. He added, "A good crop was raised this year in Kazakhstan, but poor organization lost it."

According to Mr. Khrushchev's data, 18,000 tractors in Kazakhstan were not used in the spring sowing because they had not been repaired. Sowing was delayed and the growing season limited. Also, at harvest time 32,000 combines were out of commission, and at the time of the Plenum 3 million acres were still unharvested. Khrushchev said that had the Republic's leadership shown more initiative, Moscow could have arranged for the necessary machines to be airlifted from the Ukraine to save the harvest. He also drew a picture of bureaucracy and inefficiency on some state farms and was critical of various agricultural leaders for lacking basic knowledge and understanding of agriculture.

At the meeting's close, the Committee issued decrees calling for tighter Party control of Soviet collective farms and ordered organizational changes to spur agricultural production. Suggestions were heard for creating "inter-collective farm associations or unions," whose work would supplement inter-collective farm efforts such as the construction of buildings, roads, powerlines, and theaters.

New Targets

Believing that the original 1965 goals could be reached ahead of schedule, the Committee established bold new targets. Grain production now is to reach 160 million tons by 1965. This will require a 28-percent increase over the 124.8 million metric tons reported by Soviet officials for 1959, but only 13-percent more than the claimed record production of 141.5 million tons for 1958. Increased farm effi-

ciency and a limited expansion of the sown area are to produce this result.

The original 1965 meat goal of 16 million tons per year is to be attained by 1963, and the Committee is now calling for 20 million to 21 million tons in 1965 so as to match the United States in per capita production. According to Soviet sources, meat output in the USSR was only about half that of the United States during 1959.

Soviet milk production, the Committee claimed, was 62 million tons during 1959, or 5 million tons more than U.S. gross production. However, Soviet figures include milk sucked by calves and apparently even milk produced by mares, ewes, and yaks. The Soviets also claim their 1959 butter production of 845,000 metric tons exceeded U.S. per capita production by 0.66 pound.

In view of the Soviet Union's 1959 agricultural effort, the 1965 goals appear high since they are based on 1958 agricultural data. The 1958 crop was the best in the history of the USSR, but sustained production of this magnitude is unlikely considering natural and inherent limitations in the Soviet system. Ultimately, however, the possibility of attaining these high production goals is directly associated with Soviet capabilities to execute programs discussed during the December Plenum, like those for expanding fertilizer production, irrigation, mechanization, and sown acreage.

The general tone of the Plenum reflected a desire by the Soviet Government to strengthen controls over agriculture. Previously, the government maintained tight control over the amorphous structure of peasant collective farming, but part of this was lost when Premier Khrushchev decided to merge the machine tractor stations with collectives. The "inter-collective associations or unions" may be vehicles for reimposing tighter Party control. However, Premier Khrushchev warned that further amalgamation of already large farms could impair managerial efficiency. Consequently, the Central Committee decided to let the Presidium seek the best methods of interfarm cooperation, and the perennial question of state control vs. private initiative in Soviet agriculture is still unresolved.

The International Age in Agriculture. IV.

Why and how the United States helps other countries improve their agriculture was the theme of the talk by ICA's Deputy Director for Operations D. A. Fitzgerald in the fall lecture series of the USDA Graduate School. Some of the highlights are given here.

We need perhaps to consider why we place so much of our emphasis on helping other countries improve their agriculture, even though the reason may be obvious. Agriculture is by all odds the most important component of the economic structure of all underdeveloped countries, whether measured in terms of people employed, contribution to the gross national product, or value of investment. While many of these countries put great store by their desire to industrialize, the time required to develop the physical and human resources to become a really industrialized nation simply eliminates industrialization as a shortcut to economic progress or a panacea for solving problems of underdevelopment.

Nevertheless, it is alleged by the Communists, and parroted by their spokesmen, that U.S. attention to agriculture is for the intentional purpose of preventing these less developed countries from competing with the United States in the industrial field and keeping them in bondage to the United States for industrial products. Nothing, of course, could be further from the truth.

Surprisingly enough, or perhaps not so surprisingly, we frequently get questions as to our policy from another source. This source is American agriculture and its spokesmen in and out of Congress. Our efforts abroad, so the argument goes, to increase agricultural production adversely affect the overseas market for American agricultural products; increased production in the countries we are helping either reduces the market for agricultural products in that country or increases that country's export surplus, which is sold in competition with U.S. products in third markets. The United States, the argument concludes, should avoid any activities to increase agricultural production and should concentrate on helping countries expand their output

of nonagricultural products. Parenthetically, I might add that U.S. producers of nonagricultural commodities take exactly the opposite view.

No Easy Answer

There is, of course, no wholly satisfactory answer to the problem. The existence of a billion bushels of wheat in the United States does not guarantee that everyone in the Free World—including the United States—has enough to eat. The awkward facts are, first, that incomes of many tens of millions, perhaps hundreds of millions, of people around the world are too inadequate to permit them to obtain a diet which by any stretch of the imagination could even be considered a minimum one. And secondly, many millions of these people live in countries in which foreign exchange is insufficient for food imports.

Under these circumstances, it is academic to argue that the existence of surplus food in the United States, or for that matter in Canada or Denmark, is an adequate reason for avoiding the provision of assistance to increase agricultural production in the less developed countries of the world. At the same time, some cognizance must be given to the facts. Aside from the unreasoned objections of agricultural spokesmen in surplus-producing countries, it may be a real disservice to an underdeveloped country to help and encourage it to increase its production of agricultural products already in world surplus. Even though a wide range of manmade barriers largely interfere with any automatic functioning of the principle of comparative advantage, nevertheless some pragmatic application of this principle should be kept constantly in mind.

The "How" of Aid

I now turn to the question of how we are helping other countries to de-

velop their agriculture and shall enumerate what we believe to be some of the considerations that must be taken into account if we are to be successful.

First, thought must be given to just where the particular country is presently located on the long and unending road to progress. Countries vary widely in this respect, and so the methods and tools will vary accordingly. For instance, there is little point in giving high-level advice on animal genetics to a country that has not yet accepted the idea that feed is good for livestock. On the other hand, knowledge of improved production practices and the willingness of farmers to use this knowledge may be well ahead of the credit facilities needed to apply it.

The next consideration is whether to direct our help mainly to large and spectacular projects or toward the less spectacular but more widely dispersed types. We must recognize that other countries have their political problems too. Since leaders of newly developing countries are in a hurry to show efforts of progress to their people, there is always a tendency to place undue dependence upon large capital projects. A program that can result in 10 million farmers each producing a few more bushels or pounds of produce is not nearly so appealing as a large reclamation or irrigation project, which, if fully successful, might not make nearly so great an increase in total production.

Then there is the problem of balance between help that reaches people directly as against help that builds institutions. If we had ample time, say 50 years or so, we could probably aim all of our help at developing institutions—teaching, research, extension credit, and the like. As it is, we cannot ignore either direct help to farmers or the help to institutions.

Another matter of great importance is judging the rate of progress which a country can absorb. It is quite obvious that if a country receives substantial resources from outside over a long period of time, it can start more

projects, have a greater rate of capital acquisition, and perhaps make a faster rate of growth over any specific period. However, since the appetite for progress frequently far exceeds digestive capacity, we must give considerable attention to the long-range implications of what we are helping to do as against what it will cost to do these things in the absence of our support.

Closely related is the need to appraise how diversified our help should be. Should we spread ourselves thin over many phases of agricultural development, or should we concentrate on fewer phases? If a country's agriculture is about the level of the United States' in 1790, what types of help come first? We may not be well qualified to answer this particular point since most of our technical people tend to think in terms of the 1959 model U.S. agriculture. But we must always remember that what we can do is inevitably limited by the willingness of the people, and especially their leaders, to accept change.

Developing Human Resources

Another difficult consideration revolves around the question of whether we give advice and help to officials or whether we allow ourselves to be maneuvered into the position of operating an entity for them. For the most part, many countries equate "help" with "operations." We may be justified in going some way toward operating for a short while, but if we are still operating, say a research station, after 15 years, has our help been effective, or have we merely taken over the responsibility and expense of doing something which a country should do for itself? In this respect, I have a rather strong opinion that we ought to be guiding people in acquiring knowledge and capability for themselves rather than doing a job with our own people, even though we might initially do it better and faster.

In fact, I believe, in the years ahead more and more of our efforts will be directed toward helping improve human resources. Just the mere job of developing a reasonably literate people is a stupendous undertaking. Many underdeveloped countries have, in addition to an appalling low literacy rate, only a handful of trained engi-

neers, administrators, and businessmen. These countries cannot possibly hope to make giant strides in economic or agricultural development, no matter how potentially productive their physical resources or how much economic assistance they may be provided.

Human resource development is not limited to the nationals of the less developed countries. We have a problem of developing, or perhaps I should say of adapting, U.S. human resources. The only kind of American technicians who can successfully help these countries are those who can adapt themselves both to the primitive state of agriculture as it now exists and to the customs, habits, and traditions with which agriculture, indeed the country in general, is surrounded.

The United Kingdom Market

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with those of wheat from elsewhere.

The United States is the main supplier of Britain's feed-grain imports. Demand for feeds has been strong in the past 2 years and is even stronger now. True, Britain's 1959 harvest was one of the best on record despite the drought; still, its fast-growing broiler and livestock-feeding industries demand increasing imports of feed-stuffs. Furthermore, larger amounts of feed are needed this winter because of poor pastures and the shortfall of some of the other fodder crops. In 1958 feed-grain imports rose to a total value of \$244 million—37 percent over 1957's—and the United States supplied about 40 percent. Imports of corn (maize) from the United States for the first 10 months of 1959 were almost twice as large as those for the corresponding period.

Again, however, a word of caution. During the past few months, many complaints have come in about the poor quality of some of our corn bought on "government certificate final." This dissatisfaction may not diminish corn sales immediately, for other grain is not available in the volume required; but it does tend to cheapen prices for U.S. corn and put a premium on other grains. Unsatisfactory shipments also injure our relations with importers and users in the long-time market.

Other Products

The market outlook for soybeans and for cake and meal is also good. The growing poultry industry relies especially on soybean meal as a source of vegetable protein. Also, the main processor of shortening and margarine has sharply increased the amount of soybean oil it uses in these products.

Another bright spot in the market picture is lard. Because our prices are low, we now supply about 70 percent of the British requirements. Imports from the United States are running about 14,000 tons a month. Lard is even being used to make margarine.

Fruit imports from the United States were severely restricted by Britain after the war because of dollar shortages. In 1958, they were put on a quota basis of about \$20 million. Early in 1959, some items were liberalized and others had their quotas substantially increased. Last November more items were liberalized; now only canned fruit, apples and pears, fresh grapefruit, and canned orange and grapefruit juice are on a quota basis. Imports of all U.S. fruit should be larger this year; but that will depend on availability, prices, quality, and our marketing practices. The U.K. fruit market has become highly competitive, and we must do more to assure delivery of quality produce.

In November Britain also lifted import restrictions on meat—except pig meat; and in December a quota of 25,000 tons was announced for pork from the dollar area during 1960. These liberalizations are expected to result in sales, especially of variety meats. Also, some U.S. canned and processed poultry may be imported, but fresh poultry meat from America is excluded by regulations for disease control.

In summary, the United Kingdom should remain our principal export outlet for agricultural products. It is a dollar market and a natural market, relatively free but highly competitive. U.S. exporters have a good opportunity to increase their sales to Britain this year and to establish a firmer future position there. And any increases will mean more dollars to support the U.S. Treasury in its efforts to lessen the drain on gold and dollar reserves.

The Common Market

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meeting minimum standards.

Wine.—Prices would be determined by market forces. Production would be controlled and the production restrictions might be supplemented by import restrictions, in accordance with Article XI of GATT.

Program Administration.—Except for grain, sugar, and dairy products, for which special EEC agencies would be established, the EEC Commission itself would administer the program in cooperation with the respective agencies of the six national governments. Where equalization fees are levied on imports, these fees would be accumulated in commodity stabilization funds and export payments would be made from these funds. Transfers might be made among the funds, and contributions levied on producers to defray export losses not covered by the revenues from the equalization fees. In the case of wine, a stabilization fund would be created through a levy on the first sale to commercial buyers.

Britain's Largest Buyer

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to obtain dividends on their purchases. These stores are not, however, without problems. Some people contend that the quality of the produce they sell, particularly some of the C.W.S. products, is not always up to the standards set by certain other manufacturers. The wholesale societies, too, are somewhat handicapped by being allowed to sell only to their own stores. Furthermore, the C.W.S. does not normally advertise its products as much as certain other processors do. In fact, C.W.S. has been criticized by its own committee of investigation and in recent news articles for not sponsoring modern methods of selling in some of the retail shops. Dividends, too, have gone down recently so shoppers have less incentive to patronize its stores.

Nevertheless, Britain's cooperatives figure very largely in the purchase and distribution of agricultural products, and U.S. suppliers who wish to get into this market would do well to acquaint themselves with the organization and operations of C.W.S.

TRADING POST



Colombia Again Becomes An Exporter of Cotton

In recent weeks, Colombia has begun shipment of about 4,000 bales of cotton to the United Kingdom and other European countries—its first commercial cotton exports in years.

These sales, made under the country's new export subsidy plan for cotton, were contracted for by the Institute of Cotton Development (IFA). Representing surplus production in the Cauca Valley, they reflect recent rapid increases in production. This year's total crop, estimated at 250,000 bales, is up 67 percent from 1958-59 and more than double the average of 116,000 bales for the previous 5 years.

Ecuador and Nicaragua Export Less Coffee

In the coffee-marketing season that ended last September, the lower export prices that resulted from a record world crop meant larger exports for most Latin American countries except Ecuador and Nicaragua.

Ecuador exported only 388,000 bags as against the 552,000 of 1957-58. The reason was a smaller exportable supply. After the price paid to farmers was reduced, they had withheld part of their crops in the hope of better prices later.

Nicaragua's exports dropped to 308,000 bags from the 429,000 of 1957-58. In this case, the reason was the smaller harvest that resulted from heavy rains.

Indonesian Kapok Exports Fall Sharply in Value

Indonesia's kapok industry is disturbed by a 51-percent decline in the value of kapok fiber exports during the season that recently ended. In volume, the decline was small—from 5.8

million pounds to 5.4 million. But the sharp reduction in price seems to indicate a lack of interest among buyers. The major market has been the United States, though some exports go to Australia, West Germany, Belgium, and Italy.

Until World War II, kapok was a leading Indonesian export, with shipments averaging close to 50 million pounds. But importing countries found wartime substitutes, and kapok never won back all its old markets. Now it is being replaced in its main uses—upholstery and padding, life-jackets, for example—by foam rubber and manmade fibers. Indonesia is attempting, however, to expand its exports of kapok by participating in international trade exhibitions in various countries.

Guatemala Imposes New Import Restrictions

Low coffee export prices, which have cut Guatemala's foreign exchange reserves, are the reason given for three import-control decrees the government published in November. Two of these decrees affect the most important farm commodities in trade between Guatemala and the United States.

One decree prohibits entry of many agricultural and food items including meat and meat products, certain dairy products, processed foods, vegetables, and cotton. Another increases by 20 percent the import duties on a long list of other agricultural items, among which are processed milk, cheese, eggs, wheat flour, bakery products, preserved fruit and fruit juices, and vegetable oils. The third suspends the duty exonerations or reductions granted to cotton textile imports in 1959. All three measures are, however, temporary; their texts state that they will be suspended when the country's foreign exchange situation has improved.

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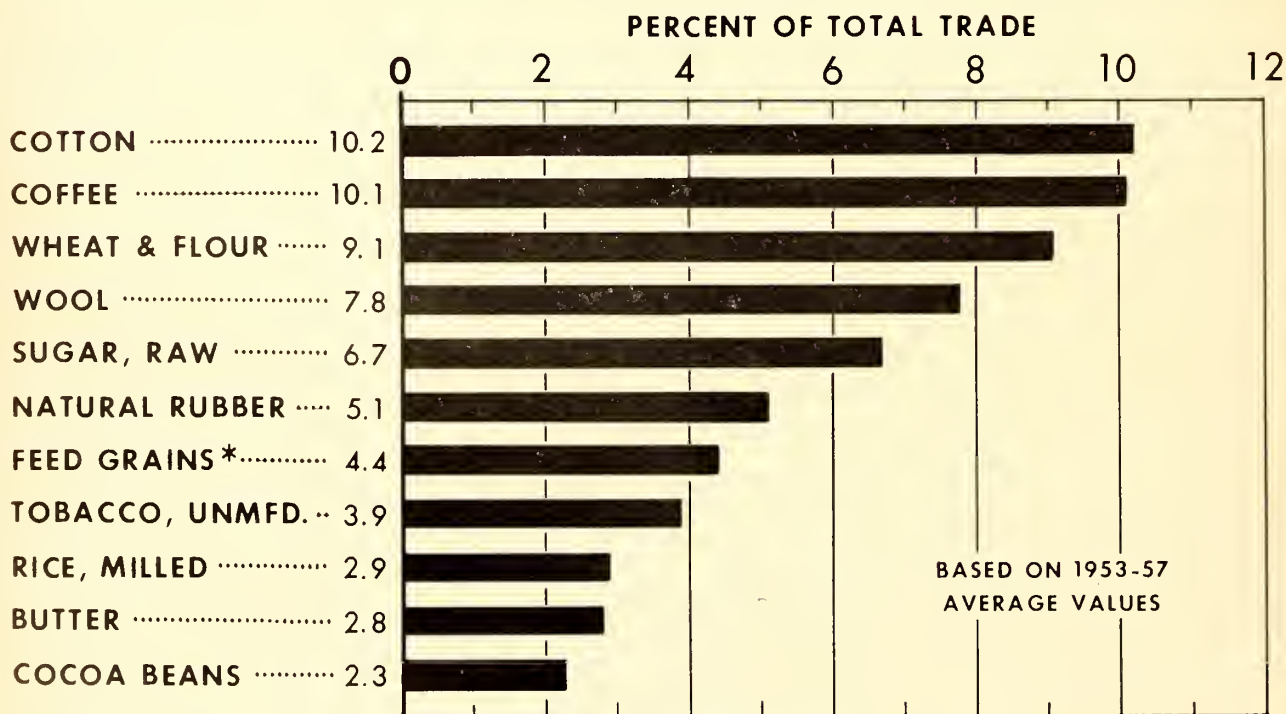
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11 Commodities Make Up Two-Thirds Of Total World Agricultural Trade



* CORN, BARLEY, OATS AND GRAIN SORGHUMS

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